

FISCAL NOTE

Bill #: HB0544

Title: Uninsured motorist identification data base

Primary

Sponsor: Roger Somerville

Status: Second Reading

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Expenditures:		
State Special Revenue	0	1,325,000
Revenue:		
State Special Revenue	682,103	1,258,792
Net Impact on General Fund Balance:	\$0	\$0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

- Section 10 of the bill contains a statutory appropriation of \$1,325,000 for January 1, 2002 through June 30, 2003. The statutory appropriation for each fiscal year thereafter is for \$850,000. The statutory appropriation is in the uninsured motorist identification restricted account (state special revenue).

2. Based on the registrations and re-registrations processed in FY 2000 for motor vehicles subject to Title 61, Chapter 3 and assuming the historical growth of 1.5% remains constant, it is estimated that the number of vehicle registrations processed under Title 61, Chapter 3, MCA, would be:

	FY 2000 (Actual)	FY 2001 (Estimated)	FY 2002 (Estimated)	FY 2003 (Estimated)
Jul.-Dec. (45%)	541,712	549,838	558,086	566,457
Jan-Jun. (55%)	662,092	672,023	682,103	692,335
Total	1,203,804	1,221,861	1,240,189	1,258,792

The numbers of vehicle registrations in the table above were not revised by the amendment to Section 4 of the bill because the amended registrations were not included in the original table.

3. Effective January 1, 2002, this bill assesses a \$1.00 uninsured motorist identification fee on the registration and reregistration of each motor vehicle subject to registration or reregistration under Title 61, Chapter 3, MCA. Therefore, revenues for this state special revenue account are projected to be \$682,103 in FY 2002 and \$1,258,792 in FY 2003 for a total of \$1,940,895 for the period January 1, 2002 through June 30, 2003.
4. Mandatory liability insurance protection is required for each motor vehicle as defined in 61-1-102, MCA, that is registered and operated in Montana. In CY 2000 approximately 848,133 vehicles required to carry mandatory liability insurance were registered in Montana. Assuming the historical growth of 1.5% remains constant, it is projected that approximately 860,855 motor vehicles would be registered in 2001; 873,768 in 2002; and 886,875 in 2003.
5. A contract would be established with a private entity (“agent”) through a request for proposal process in compliance with state policies. Based upon information available, costs to contract with an agent to establish and maintain an uninsured motorist database, track notices from insurance carriers of cancellations and non-renewals, to issue the notification letters, and provide information to update the motor vehicle system would be up to \$1.00 on each motor vehicle required to show proof of insurance upon registration or an estimated cost of \$480,572 in FY 2002 (873,768 vehicles estimated in FY 2002 x 55% registered January through June 2002 X \$1.00/vehicle registered) and \$886,875 in FY 2003. The total cost of the contract during the January 2002 through June 2003 period is \$1,367,447 (\$480,572 FY02 + \$886,875 FY03).
6. Costs for the rule making procedures and program management would be absorbed by the division.
7. One-time programming costs to the Department of Justice to account for the fees, provide driver license and motor vehicle registration information to the vendor, and to establish a process to receive suspension /reinstatement data from the vendor are estimated at \$32,400 (432 hours x @ \$75/hour FY02 only). A combination of DOJ programming staff and private vendors will be necessary to address the current backlog of more than 15,000 hours of programming to comply with existing mandates and the considerable system maintenance that is required. Computer costs to complete the programming are estimated at \$8,910 in FY 2002 only (54 days @ \$165/day). Total FY 2002 costs for programming are estimated to be \$41,310 (\$32,400 + \$8,910).

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Expenditures:</u>		
Operating Expenses	*\$521,882	*\$886,875
<u>Funding:</u>		
State Special Revenue (02)	*\$521,882	*\$886,875

*Based on the foregoing assumptions the total estimated expenditures for the January 1, 2002 through June 30, 2003, period are \$1,408,757; however, expenditures are limited by the statutory appropriation of \$1,325,000.

Revenues:

State Special Revenue (02)	\$682,103	<u>\$1,258,792</u>
Total State Special Revenue (02) for Biennium		\$1,940,895

Net Impact to Fund Balance (Revenue minus Expenditure):

State Special Revenue (02) (Biennium)		\$615,895
(\$1,940,895 - \$1,325,000 statutory approp. = \$615,895)		

TECHNICAL NOTES:

1. The suspension of the motor vehicle registration would be electronic only. There is no provision for physically obtaining the registration receipt from a vehicle owner not in compliance.